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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Serial No.:	08/581,992		
Filed:	1/2/96	Group Art Unit:	2763
Applicants:	Frank J. Pellegrino Robert W. Fletcher	Examiner:	H. Kazimi
Entitled:	Method for Determining The Risk Associated With Licensing or Enforcing Intellectual Property		

December 20, 1999

COMMISSIONER OF PATENTS & TRADEMARKS
WASHINGTON, DC 20231

TRANSMITTAL LETTER

Sir:

Please find enclosed an Appeal Brief and the appropriate fee therefor vis-à-vis the above identified Application.

Respectfully submitted,

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CERTIFICATE OF MAILING

I hereby certify that this Appeal Brief for US Serial No. 08/581,992 filed 1/2/96, Entitled: Method for Determining The Risk Associated With Licensing or Enforcing Intellectual Property is being deposited with the United States Postal Service with first class postage thereon in an envelope addressed to Commissioner of Patents and Trademarks, Washington, DC 20231 on December 20, 1999.

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APPEAL BRIEF

I. Real Party in Interest

This application is not assigned. The real parties in interest are the inventors Frank J. Pellegrino and Robert W. Fletcher, both businessmen whose addresses are respectively 100 First Stamford Place, Suite 325, Stamford, CT 06902 and 10503 Timberwood Circle, Suite 114, Louisville, KY 40223.

II. Related Appeals and Interferences

There are no related Appeals or Interferences.

III. Status of Claims

Amended claims 1-19 are in the case and are appealed.

IV. Status of Amendment

The Amendment under 37 CFR 1.116 filed June 21, 1999 will not be entered for purposes of Appeal.

V. Summary of the Invention

The invention relates to a method for determining the risk associated with licensing or enforcing intellectual property and includes the determination of a

probability of success factor for undertaking a lawsuit of enforcement if necessary. The method includes entering data into a computer from: 1) a questionnaire and task report sheet (completed by the intellectual property owner or real party in interest), 2) current litigation sources, 3) current PTO records and 4) other government and financial sources (see Figure 1). Each item of data is associated with an identified risk factor and matched with case specific data to give each risk factor a value in comparison to a standard or norm (See Step 1 of Figure 1). The result is a relative risk factor. The relative risk factors are then categorized into risk categories which themselves are weighted such that the sum of the relative risk factors in each category result in a weighted category score. Each of several category scores are then added and the sum of the category risk scores are multiplied by a primary risk indicia number to yield a composite score. Next the composite score is adjusted by the probability of occurrence of external forces, typically referred to as moral hazards, to obtain a probable success factor. The probable success factor is then multiplied by known or projected recoveries and reduced by costs and adjusted by any gains to determine a net recovery. The net recovery is then decreased by administrative costs and increased by interest factors to arrive at a final profit (See Steps 2-6 of Figure1).

VI. Issues

The issue presented to the Board of Patent Appeals and Interferences by Appellant is whether the Primary Examiner correctly rejected claims 1-19 under 35 USC § 101 as being drawn to non-statutory subject matter and whether the claims are properly rejected as *prima facie* obviousness under 35 USC § 103 as being unpatentable over De Tore et al, US Patent 4,975,840 in view of Tammi Harbert, Patent Enforcement Policy Age Technology Transfer, Technology Access Report, March 15, 1990 and in further view of William H. Robinson, Insurance Coverage of Intellectual Property Laws in the Computer Industry, International Computer Law Advisor, pages 21-43, December 1991/January 1992.

VII. Grouping of Claims

The claims stand together.

VIII. Argument

Claims 1 and 11 are the only independent claims in the case. For the convenience of the board they are reproduced below:

1. (twice amended) A process for evaluating the strength of a specific intellectual property for purposes of commercializing it comprising the steps of:
   a) interacting with a computer;
   b) entering data from one or more sources including from a completed set of pre-selected tasks and from a questionnaire completed by the owner of the intellectual property, into said computer, said computer having been pre-programmed such that said data is organized by one or more predetermined risk factors grouped into categories;
   c) evaluating the data by comparing each risk factor and each category to a preset standard;
   d) computing a score by transforming said data into a composite score which represents a relative degree of strength associated with any undertaking to commercialize said intellectual property[;].

11. (twice amended) A process for determining the probable success of an intellectual property enforcement lawsuit comprising the steps of:
   a) interacting with a pre-programmed computer;
   b) entering data from one or more sources including from a completed set of pre-selected tasks and from a questionnaire completed by the owner of the intellectual property into said computer, said computer having been pre-programmed such that said data is organized by pre-determined categories;
   c) evaluating the data by comparing each category to a preset standard;
   d) transforming said data into a composite score which represents a relative degree of strength associated with the lawsuit;
   e) using the composite score to determine a probable success factor for undertaking the lawsuit.

Claim rejection under 35 USC § 101.

Applicant notes the examiners remark concerning the rejection of the claims under 35 USC § 101 "...the claimed invention is directed to a non-statutory subject matter. Specifically, the claims are directed towards an abstract idea. Claims 1 through 19 represent an abstract idea that does not provide a practical application in the technological arts. There is no manipulation of data nor is there

any transformation of data from one state to another being performed in "Method for Determining the Risk Associated With Licensing or Enforcing Intellectual Property". Actually there is no post computer process activity found."
Citing In Re Alappat 31 USPQ 2nd at 1556-57

Applicant respectfully refers the board to the CAFC's opinion in State Street Bank & Trust Company v. Signature Financial Group Inc., 149 F 3d 1371; 47 USPQ 2d 1599. "Today we hold the transformation of data representing discrete dollar amounts by a machine through a series of mathematical calculations into a final share price constitutes a practical application of a mathematical algorithm, formula or calculation because it produces a useful, concrete and tangible result, a final share price momentarily fixed for recording and reporting purposes"...

This is clearly the same result as applicant derives according to the present invention in arriving at a probable success factor resulting from transformation of data through a machine by a series of mathematical calculations. It is abundantly clear that the Court of Appeals for the Federal Circuit has established inventions such as the applicants are clearly statutory subject matter under 35 USC § 101.

Moreover, the Court stated "After Diehr and Alappat, the mere fact that a claimed invention involves inputting numbers, calculating numbers, outputting numbers and storing numbers in and of itself would *not* (emphasis added) render it non-statutory subject matter...." The applicant repeatedly points out in the specification, the usefulness of performing the mathematical calculations on a computer using information and data to augment risk factors which can be categorized and a category score calculated therefrom. The composite score can then be used to evaluate the strength of a specific intellectual property (See the specification lines 15 through 20 at page 7).

Furthermore, the Court of Appeals for the Federal Circuit stated in AT&T v. Excel Communications, NO 98-1338 (Fed. Cir. April 14, 1999). "The notion of

physical transformation can be misunderstood. In the first place, it is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application." The court further states that "Because § 101 includes processes as a category of patentable subject matter, the judicially-defined prescription against patenting of a 'mathematical algorithm,' to the extent such a prescription still exists, is narrowly limited to mathematical algorithms in the abstract." The real test elucidated by the AT&T court to find patentable subject matter under § 101 is to determine whether the mathematical algorithm was applied to produce the number which had specific meaning - "a useful, concrete tangible result not a mathematical abstraction". Clearly, such is the case here where applicant calculates a final probable success factor which can be used to make a decision as to whether or not to invest in, purchase or fund the enforcement of a patent by determining its strength.

Obviousness Rejection under 35 USC § 103

Claims 1 through 7 and 11 through 19 are rejected by the examiner under 35 USC § 103a as being unpatentable over De Tore et al, US Patent Number 4,975,840 in view of Harbert T., Patent Enforcement Policy Aids Technology Transfer. Claims 8 through 10 are rejected under 35 USC as being unpatentable over the same references in further view of Robinson W.J., Insurance Coverage of Intellectual Property Lawsuits in the Computer Industry. Regarding the obviousness rejection of the claims, applicant notes the examiner's comments with respect to the De Tore reference. Firstly, the examiner states "De Tore discloses a process for evaluating the strength of a specific intellectual property for purposes of commercializing it" and refers to line 63 through 65 of column 3. However, in lines 55 to 63 just preceding the language cited by the examiner, De Tore's real purpose is disclosed with the following language: "For example, although a life insurance underwriter ... will most surely benefit from the system described below, it is likely that others not presently designated as underwriters will be able to use and benefit from the invention and accordingly may be considered

underwriters for purposes of this application." Clearly, De Tore doesn't have the remotest intention to commercialize intellectual property. He simply has invented an aid to life insurance underwriters.

De Tore describes his invention at column 5, lines 57 through column 6, line 2 as follows: "In broad terms, the approach to evaluating or underwriting a given risk which is incorporated through the process of the present invention includes the following steps: First, identifying a problem from the information contained in the application database 20." In contradistinction, applicant does not identify a problem from any information contained in any database. Applicant is determining the risk associated with licensing or enforcing intellectual property. Moreover, the examiner contends that this first step of identifying a problem from the information contained in the application database somehow represents a teaching on behalf of De Tore that this represents a relative degree of strength. There is however, no language whatsoever to that effect.

Correspondingly then, De Tore's second step of matching or correlating the identified problem with a corresponding impairment from an underwriting database likewise is not suggestive of anything that applicant does. Further, De Tore assigns weights to the identified problems on the basis of information contained in the underwriting data base and determines a risk classification for the health of the person by combining the assigned weights. Applicant, on the other hand, is claiming a process which involves interacting with a computer, entering data, evaluating the data and computing a score. The two methods may require similar steps in operating the computer, but are nevertheless, not at all the same or suggestive of each other.

It is significant that nowhere in the De Tore specification does the word lawsuit or suit or court action or any other similar descriptive term appear. The question then becomes whether one skilled in the art would turn to De Tore to evaluate the

strength of a patent. The answer must be a resounding no. And even if such were the case, De Tore would not teach or suggest Applicant's method.

Harbert does nothing to remedy the defects in De Tore. Harbert is an article directed toward intellectual property enforcement insurance coverage. In the article, Harbert is quoted as saying "The cost of insurance depends on the grade that the company gives the potential insured and that grade is based on a review of the patent, the business and associated issues, including any history of litigation." There is no suggestion of data organized by risk factors or grouped into categories, no suggestion that the data is evaluated by comparing each risk factor in each category to a preset standard and no suggestion of computing a score by transforming the data into a composite score which represents a relative degree of strength associated with any patent prior undertaking to commercialize the intellectual property. In short, the cited references do not make obvious, either alone or in combination, claims 1 through 19 of the instant application. The examiner takes the position that Harbert teaches that intellectual property to be commercialized is a patent. However, the above quoted language relied upon by the examiner pertains to insuring start-up company's patents but it has no relevance in bridging the gap to somehow make De Tore's subject matter relevant to the enforcement of intellectual property.

The examiner admits that De Tore does not teach the claims step for commercializing intellectual property in determining a probable success factor for undertaking the lawsuit involved in intellectual property but suggests that Robinson supplies the needed teachings. Applicant respectfully disagrees in that neither the Robinson abstract lines 1 through 9 nor the article itself teaches or even remotely suggests evaluating the strength of a specific intellectual property and determining a probable success factor. Robinson has directed his comments toward the possibility of finding coverage under the standard comprehensive general liability policy to defend and indemnify a holder of such a policy against lawsuits brought by the owner of such intellectual property. Applicant finds no

mention of determining a probable success factor for undertaking a lawsuit in the cited abstract. Robinson explores the possibility of finding insurance coverage for defense of patent suit but simply does not discuss that which would be the Case in Chief, i.e., an intellectual property holder suing to enforce a patent, much less it does not discuss probable success factors for undertaking such a lawsuit or the commercialization of intellectual property in general. The basis upon which the examiner has rejected the claim is simply erroneous. The attempt to find obviousness from language and subject matter not present in the references is clearly error.

Summary

For the above reasons it is clear that the examiner has failed to find the necessary steps of the claims in the prior art. Throughout the rejection the examiner has continued to not only admit the shortcomings of the cited references but struggled to interpret them in such a way as to make them applicable yet all the while distorting their clean teachings. The rejections of the claims under 35 USC § 101 is as suggested by the most recent holdings of the CAFC, flawed and erroneous in it's entirety. The applicant respectfully requests the Board of Appeals to reverse the examiner's rejection of the claims and direct the examiner to pass this case to issue.

Respectfully submitted,

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Respectfully submitted,

Robert W. Fletcher

Attorney for the Applicant
Robert W. Fletcher, Reg. No. 25,334

APPENDIX

The claims in the case are:

1. (twice amended) A process for evaluating the strength of a specific intellectual property for purposes of commercializing it comprising the steps of:
   a) interacting with a computer;
   b) entering data from one or more sources including from a completed set of pre-selected tasks and from a questionnaire completed by the owner of the intellectual property, into said computer, said computer having been pre-programmed such that said data is organized by one or more predetermined risk factors grouped into categories;
   c) evaluating the data by comparing each risk factor and each category to a preset standard;
   d) computing a score by transforming said data into a composite score which represents a relative degree of strength associated with any undertaking to commercialize said intellectual property.

2. The process of Claim 1 wherein entering of the data into the computer is done via telephone from a location other than the location having the computer.

3. (amended) The process of Claim 1 wherein the predetermined risk factors are grouped into categories selected from categories of subjects comprising: Technical Orientation, Technical Review, Preliminary Assessment, Patent Study, Market Identification and Analysis, Industry Intelligence, Cost/Benefit Analysis, Marketing/Licensing Assessment and Licensing/Enforcement.

4. (amended) The process of Claim 3 wherein transforming said data is achieved by calculating a category score for each category.

5. (amended) The process of Claim 4 wherein each category score is weighted and combined with other category scores and used to modify a primary risk indicia to calculate said composite score.

6. The process of Claim 5 wherein the composite score is modified by a moral hazard factor to calculate a probable success factor.

7. (Amended) The process of Claim 6 wherein the probable success factor is multiplied in a post-computer step by projected recoveries to determine the net recovery from commercializing the intellectual property.

8. The process of Claim 7 wherein the intellectual property to be commercialized is a patent.

9. The process of Claim 7 wherein the intellectual property to be commercialized is a trademark.

10. The process of Claim 7 wherein the intellectual property to be commercialized is a copyright.

11. (twice amended) A process for determining the probable success of an intellectual property enforcement lawsuit comprising the steps of:
    a) interacting with a pre-programmed computer;
    b) entering data from one or more sources including from a completed set of pre-selected tasks and from a questionnaire completed by the owner of the intellectual property into said computer, said computer having been pre-programmed such that said data is organized by pre-determined categories;
    c) evaluating the data by comparing each category to a preset standard;
    d) transforming said data into a composite score which represents a relative degree of strength associated with the lawsuit;
    e) using the composite score to determine a probable success factor for undertaking the lawsuit.

12. The process of Claim 11 wherein the lawsuit is one involving intellectual property.

13. (amended) The process of Claim 12 wherein the composite score is based upon an evaluation of one or more risk factors specific to the intellectual property upon which a suit is being brought.

14. (amended) The process of Claim 12 wherein the composite score is a category score resulting from categorizing various risk factors into categories and determining a category score.

15. The process of Claim 14 wherein the category score is used to modify a primary risk indicia in determining a composite score.

16. The process of Claim 15 wherein an adjustment for moral hazard is made to the composite score resulting in a probable success factor.

17. (amended) The process of Claim 16 wherein the probable success factor is applied in a post-computer step to a projected recovery to determine the net recovery.

18. The process of Claim 14 wherein the determination of the category score is accomplished using at least one relative risk factor.

19. A computer for determining the risk associated with commercializing intellectual property according to Claim 1.